



Digital Video Systems, Inc.

DVS Receives Nasdaq Staff Letter

Names Dean Sanif as Chief Financial Officer

PALO ALTO, Calif., June 1 /PRNewswire-FirstCall/ -- Digital Video Systems, Inc., or DVS, (Nasdaq: DVID), announced that it received a letter from Nasdaq dated May 25, 2005, stating that the Company was not in compliance with Marketplace Rule 4310 (c) (14), which requires that each issuer be current in its filing requirements with the SEC and Nasdaq. The staff's letter stated that on May 25, 2005, the Company had filed an amendment to its Form 10-Q for the quarter ended March 31, 2005 which noted that a review of the Company's Condensed Consolidated Financial Statements had not been completed by the Company's independent registered public accounting firm ("Independent Auditor") as required by Rule 10-01(d) of Regulation S-X promulgated under the Securities Exchange Act of 1934. The failure to be current in its filing requirements with the SEC and Nasdaq is a basis for delisting. The Staff has recommended that the Listing Qualifications Panel consider the deficiency in determining whether the Company's common stock should be delisted from Nasdaq SmallCap Market.

The Company's Independent Auditor was unable to complete its review of the Company's quarterly financial statements pursuant to the Statement on Auditing Standards No. 100, Interim Financial Information (SAS 100) because the Company had only recently been able to comply with the Independent Auditor's recommendation that the Company hire an interim chief financial officer to review all of the Company's accounting and financial reporting matters to insure full and proper disclosure in the Form 10-Q.

The Company is continuing its efforts to meet Nasdaq's Marketplace Rules. In connection with the deficiency outlined in the staff's letter, the Company has taken the following steps: The Company named Dean Clarke Seniff on May 24, 2005 as interim chief financial officer and on May 31, 2005, named Mr. Seniff its Chief Financial Officer. Mr. Seniff is currently reviewing all of the Company's financial and accounting reporting matters. Upon the completion of his review, the Company expects that its Independent Auditor will complete its review of the Company's quarterly financial statements as required by SAS 100.

About Digital Video Systems, Inc.

Established in 1992, DVS is a publicly held company specializing in the development and application of digital video technologies enabling the convergence of data, digital audio, digital video and high-end graphics. DVS is headquartered in Palo Alto, California, with subsidiaries and manufacturing facilities in South Korea and China and a subsidiary in India. Additional information may be obtained at www.dvsystems.com.

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995: Any statements made in this release that are not historical facts contain forward-looking information that involves risks and uncertainties. These forward-looking statements include, but are not limited to, statements regarding DVS's continued ability to meet The Nasdaq SmallCap Market listing requirements. Other important factors that may cause actual results to differ include, but are not limited to, the financial performance of the Company and the success of future financing efforts, the effect of economic and business conditions, and other risks detailed from time to time in the Company's filings with the Securities and Exchange Commission. Digital Video Systems, Inc. assumes no obligation to update these forward-looking statements, and does not intend to do so.

For further information please contact Larissa Licea, Digital Video Systems, Inc., 650-322-8108, ext. 106, or Sean Collins of CCG, 818-789-0100, for Digital Video Systems, Inc.